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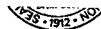
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ARIZONA CORPORATION COMMISSION

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November 15, 2000

Arizona Corporation Commission
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Lance Steinhart
Attorney At Law
6455 East Johns Crossing
Suite 285
Duluth, GA.30097



Subject: Sufficiency Review - Docket No. T-03957A-00-0911

Dear Mr. Steinhart:

In the matter of the Application of Encompass Communications, L.L.C. for a Certificate of Convenience and Necessity to Provide Competitive Intrastate Telecommunication Service:

- ☐ This application is sufficient.
- ☒ The application is insufficient and lacks the following items:

Additionally, upon review of the application, Staff has determined that the applicant lacks sufficient financial resources. Therefore, the applicant must do one of the following:

1. The Applicant must maintain for a minimum of one year, an escrow account and/or surety bond equal to the total amount of any prepayments, advances, and deposits that the Applicant may collect from its customers as a condition of certification. If after one year, the Applicant desires to close the escrow account and/or surety bond, it must file information with the Commission that demonstrates the Applicant's financial viability. Staff will review the information and forward its recommendation to the Commission for a Decision.

OR

2. The Applicant must file a letter stating that it does not currently, and will not in the future, charge its customers for any prepayments, advances, or deposits. If the Applicant is currently collecting prepayments, advances, or deposits, the Applicant must refund those charges to customers to avoid maintaining the above mentioned escrow account. If in the future, the Applicant desires to charge prepayments, advances, or deposits, it must file information with the Commission that demonstrates the Applicant's financial viability. Staff will review the information and forward its recommendation to the Commission for a Decision.

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If this information is not received within **71 days** of the date of this letter, Staff may terminate this application. Please mail an original plus 10 copies to: Docket Control, Arizona Corporation Commission, 1200 W Washington Street, Phoenix, AZ 85007-2927.

Additionally, due to a recent Arizona Superior Court ruling, Staff requests additional information necessary to process the Certificate of Convenience and Necessity application.

- A. Please provide the projected total revenue for the first twelve months of service. This calculation must assume the Company is charging the **maximum rate** requested in its tariff. Total revenue could be calculated as the number of units sold for all services offered times the maximum charge per unit.
- B. Please provide the projected value of total operating expenses for the first twelve months of service.
- C. Please provide the projected value of **all assets** to be used to provide telecommunications service to Arizona customers for the first twelve months of service. Please be aware that assets are not limited to plant and equipment. Items such as office equipment and office supplies should be included in this figure.

This fair value information must be received by Docket Control within **30 days** of the date of this letter. Please mail an original plus 10 copies to: Docket Control, Arizona Corporation Commission, 1200 W. Washington Street, Phoenix, AZ 85007-2927. If no response is received, Staff may recommend that the application be terminated. If the application is terminated, the Applicant cannot provide telecommunications service until such time as a new application is filed with and approved by the Commission.

Applicant is required to publish legal notice of the application in all counties where services will be provided.

In addition, please submit a proposed tariff with both **maximum** rates, along with the **actual** rate to be charged.

Remember that information submitted for a CC&N will be made a part of the public record (including financial statements). Any information designated as confidential will not be accepted by Docket Control. If you have any questions, please contact me at (602) 542-0833. Thank you for your prompt response to this request.

Respectfully,



Anthony Gatto